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NO # 0842-76

27 May 1976

MEMORANDUM FOR:

DC/PAID/ICS

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SUBJECT: 27 April 1976 Draft Study Entitled
"The Intelligence Community's Performance
Against the Key Intelligence Questions
for FY 1975

1. The comments below reflect my views and those of my colleagues in the NIO structure. We all appreciate that you were saddled by the previous DCI with a virtually impossible task. With impossible tasks, however, it is difficult to produce satisfactory solutions. A lot of effort clearly went into this study but it itself convinces me that we are not yet near the point where we can "measure the Community's performance" the way Colby wanted it measured -- i.e., develop meaningful numerical data which provide a hard index of the cost effectiveness or even the relative utility of the output of the Intelligence Community's various components.

2. Enough hard work has gone into this problem so that we can now say that we have made an honest try. From this try, however, it is clear that the quantitative indicators now available to describe the distribution of effort throughout the Community and the attribution of costs -- "objectives," "commitments," and CIRIS program data -- are simply not adequate in concept or content to be of much real value in illuminating resource allocation options or decisions. Colby wanted us to square the circle. We have, in effect, shown what mathematicians have long known, namely, that the circle cannot be squared.

3. I would strongly recommend that this study not be submitted to the NFIB but that, instead, we go back to the drawing board and pose to ourselves, the NFIB, the CFI and the DCI the basic question: how far is it feasible for anyone to expect the Community to go in developing a quantitative ("hard") evaluation of a

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process -- the production of intelligence -- whose output will inevitably be assessed in subjective terms, for the bottom line on the utility of intelligence has to be the policy-level user's determination of the extent to which it helped him understand the decisions he has to make. That, I submit, is a kind of judgment which defies quantification. Furthermore, the intelligence product and the process by which it is produced involve a host of joint-cost and joint-product complexities which are almost impossible to disentangle without artificial, arbitrary oversimplification.

4. Clearly the Community needs an evaluation process, and clearly it would be ideal if that process could produce data which virtually dictate resource decisions. We certainly should try to move as far down this road as we can, but we should be under no illusion about our ability to reach its end. What we need, in the NIOs' opinion, is not further reworking of what looks more and more like a blind alley but a fresh look at where we want to go and what seems the most sensible route to follow in getting there.

5. The above comments may be regarded as fighting the problem. Perhaps they are. If the decision is made that this (or some) version of a FY 1975 KIQ Evaluation must be presented to the NFIB, we would suggest two cosmetic modifications to the attached draft. First, its title should be changed to something like "An Alternative Attempt to Measure the Intelligence Community's Performance Against the Key Intelligence Questions for FY 1975." Second, if this draft is to be circulated to the NFIB, it ought to be distributed in something akin to its current format. In other words, the document circulated should clearly be a draft, offered as such. It should not appear with a flossy cover or in a printed version that looks like an end product, as was the case with this study's predecessor. No matter what caveats are put in the cover note about the study's being an experimental approach offered for consideration, a slick printed version will look to the NFIB members like a finished product they have to accept or reject virtually in its entirety.

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6. On a more substantive point, we believe that Section I and the Figures fall somewhat into the same trap as the earlier evaluation, by aggregating basically meaningless statistical costing and performance data (described in the Forward as incomplete and in other places as lacking validity) and narrative comments by Substantive Objectives. The aggregated quantitative production and collection data contained in pages 5 through 7 regarding numbers of objectives (473) and commitments (697), and the unexplained CIRIS cost data of page 9 are unspecified, undefined, admittedly unreliable, and, therefore, misleading. The aggregative approach was bitterly attacked during the discussion of the earlier attempt by the USIB members who were more interested in a subjective KIQ-by-KIQ evaluation.

7. Along this line, the Annex appears to come closer to the type of information in which we believe the USIB (now NFIB) members are interested and may find of value. However, the "unreliable" costing data are also reflected in the Annex in the Investment and Return section of the evaluations of the individual KIQ's. In view of the admittedly questionable utility of the available costing data, it would appear that these sections of the Annex really raise more problems than they solve, while the other sections reflect the desiderata expressed by the then USIB members at their discussion of the first evaluation attempt. In sum, I feel that a reduction/deletion of some of the statistical data in Section I and the Annex would make this a more worthwhile paper for consideration and discussion by the NFIB membership if it has to be presented to the NFIB.

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